General Fund – Primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund. Revenues are primarily from taxes, grants, permits, and charges for services. Expenditures are from the Town and BOE budget appropriations. An appropriation is an authorization to expend funds.

Fund Balance - difference between assets and liabilities reported in a governmental fund. Fund balance is further broken down as follows:

1. **Unassigned Fund Balance** – difference between total fund balance and its non-spendable, restricted, committed and assigned components. The Town has adopted a policy related to the level of General Fund unassigned fund balance as compared to total General Fund expenditures incurred in a specific fiscal year.

2. **Assigned Fund Balance** - Funds that are not fully committed by an action of the Town's governing body, but for which there is a plan or policy related to the use of those funds. Per resolution adopted by all three Boards in 2005, BOE funds that are unexpended annually and "turned back" are identified as Assigned Fund Balance available for appropriation for BOE capital or other one-time expenditures. The funds must be appropriated in accordance with the Charter prior to any expenditure of these funds. This policy gives the schools (and Town) an incentive to "leave money on the table" annually so future long-term expenditures can be planned for. This is how the current technology plan was initially funded.
    a. For example: The 2018/2019 academic year had a remaining balance of $182,045. This amount lapsed to Fund Balance and is included in Assigned Fund Balance for BOE future use.

2. **Committed Fund Balance** – portion of fund balance that represents resources whose use is subject to a legally binding constraint that is imposed by the government itself at its highest level of decision-making authority, and that remains legally binding unless removed in the same manner.

3. **Restricted Fund Balance** – portion of fund balance that represents resources subject to externally enforceable constraints.

Other Funds (separate from the General Fund):

1. **BOE Capital Reserve Fund –**Used to account for the receipt and expenditure of financial resources specifically appropriated to this fund for BOE capital and other one-time expenditures. Unlike the Town and BOE budgets accounted for in the General Fund, these appropriations do not lapse at the end of the fiscal year. If a specific appropriation to the fund has money remaining after a project is complete, there are 2 options: Cancel the balance of the appropriation and return the funds to the General Fund (if the source of the funding), or cancel the appropriation and transfer the funds by a new appropriation to another Capital Reserve project.

2. **Use of Schools Fund –** Revenues are from fees charged to outside organizations for the use of the school buildings. The rate charged covers Custodian overtime, and a "use fee" or overhead which builds up over time and can be used to improve the facilities that are being worn-out the most by outside use. Authorization for the expenditure of these funds is approved by the BOE. An example: Replacing curtains in BA Auditorium.

3. **Cafeteria Fund -** Revenue for this fund is from the sale of meals, and State/Federal funds for Free/Reduced meals. Expenditures include the cost of all food and supplies purchases, cafeteria staff wages and benefits, and any needed equipment repairs. (The replacement of a dishwasher will come out of this fund, however BOE transferred income into the fund from the FY 2019-2020 budget to cover the cost).

Importance of Building a Facilities Capital Funding Plan:

Building a Capital funding plan for our Facilities is extremely important. Identifying the long-term needs of our facilities and planning for their replacement is of the utmost importance to the long-term health of the BOE budget. When funds are not put aside annually for long-term expenditures, the Town must borrow money through the issuance of bonds (approval required via referendum) to cover these projects. There are costs associated with issuing bonds, along with interest costs that will be incurred over the life of the bonds (typically 20 years), like obtaining a mortgage to purchase, or a home equity loan to renovate, your personal home. In some instances, these situations cannot be avoided, such as a major building or renovation project (e.g. WJJMS). Projects such as a new roof, boiler, AC, technology replacements etc., can be funding without bonding, however these can be considerable expenditures that can cripple a budget if incurred unexpectedly.

By having a long-term plan in place, the BOE will know the estimated useful life of all equipment within our buildings, be able to estimate the amount of money needed annually to plan for these replacements and fund the Capital Reserve Fund appropriately. The need for these funds may change over time as equipment and technology changes, or something needs to be replaced sooner than expected. That is why it is important that the plan remains a living document and is reviewed and adjusted annually.